



Internal Revenue Service Criminal Investigation

Tax Fraud Alert

Narcotics-Related Investigations

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Overview

IRS Keyword: Fraud

Fiscal Year 2004
[Text Only](#) .htm

Why Is IRS Involved in Narcotics Investigations?

One look at the daily newspaper is proof enough that crimes dealing with or motivated by money make up the majority of current criminal activity in the nation. Tax evasion, public corruption, health care fraud, and even drug trafficking are all examples of the types of crimes that revolve around money. In these cases, a financial investigation often becomes the key to a conviction.

Traditional law enforcement relies on investigative tools such as crime scene analysis, physical evidence, fingerprint identification or eyewitness accounts. The limitations of these techniques become obvious to those who are trying to prove wrongdoing in a sophisticated financial crime. With no proof, there is no conviction.

When the Internal Revenue Service astounded Public Enemy Number 1, Alphonse Capone by obtaining a conviction for tax evasion and demanding millions of dollars in back taxes, Capone said, "They can't collect legal taxes from illegal money." But it's really pretty simple: No matter what the source of income -- all income is taxable.

And this creates a real problem for drug dealers. What are they going to do with their money -- so that IRS won't find it?

For the IRS, money laundering and narcotics investigations are the compliance effort to address criminal violations of the Bank Secrecy Act, the Money Laundering Control Act of 1986 and section 6050(I) of the Internal Revenue Code.

Why a Financial Investigation?

Financial investigations are by their nature very document intensive. Specifically, they involve records, like bank account information and real estate files, which point to the movement of money. Any record that pertains to, or shows the paper trail of events involving money is important. The major goal in a financial investigation is to identify and document the movement of money during the course of a crime. The link between where the money comes from, who gets it, when it is received and where it is stored or deposited, can provide proof of criminal activity.

Criminal Investigation's contribution to the war on narcotics is vital but sometimes difficult to recognize, because the work of IRS special agents usually doesn't make the headlines. The long hours of tracking down and documenting financial leads aren't glamorous, but it does allow an investigation to go right to the door of the leader of the narcotics organization. A complete financial analysis and reconstruction of a drug organization's financial activity as it relates to unreported income on tax returns and money laundering can often be critical to making the conviction.

History

Criminal Investigation (CI) was established in 1919 and commenced its first narcotics investigation of an opium trafficker in Hawaii in the early 1920's, obtaining tax evasion charges against the leader of that organization.

The CI Narcotics Program's goal is to utilize the financial investigative expertise of its special agents to disrupt and dismantle, through investigation, prosecution and asset forfeiture, the country's major drug and money laundering organizations.

Federal Statutes, Task Forces and Strategies Regarding IRS Narcotics Investigations

Definition of Terms

Currency Transaction Report (CTR) - Form 4789: Filed by financial institutions that engage in a currency transaction in excess of \$10,000.

Suspicious Activity Report (SAR) - Form TD F 90-22.47: Filed by financial institutions on transactions or attempted transactions involving at least \$5,000 that the financial institution knows, suspects, or has reason to suspect the money was derived from illegal activities.

Report of Foreign Bank and Financial Accounts (FBAR) - Form TD F 90-22.1: Filed by individuals to report a financial interest in or signatory authority over one or more accounts in foreign countries, if the aggregate value of these accounts exceed \$10,000 at any time during the calendar year.

Report of Cash Payments Over \$10,000 Received in a Trade or Business -Form 8300: Filed by persons engaged in a trade or business who, in the course of that trade or business, receive more than \$10,000 in cash in one transaction or two or more related transactions within a twelve month period.

Report of International Transportation of Currency or Monetary Instruments (CMIR) - Form 4790: filed by persons who physically transport, mail or ship currency or other monetary instruments in an aggregate amount exceeding \$10,000 at any one time into or out of the United States.

Federal Statutes

Internal Revenue Code – CI has sole jurisdiction for criminal violations of the Internal Revenue Code (IRC), Title 26 of the United States Code. The IRC, Section 61(a) defines gross income as ". . . all income from whatever source derived." This has been held by the courts to include income earned from illegal activities such as drug trafficking. The primary criminal statutes violated include evasion of income tax, false income tax returns, and failure to file tax returns, among others.

Additionally, IRC, Section 6050(i), requires anyone involved in a trade or business, except financial institutions, to report currency received for goods or services in excess of \$10,000. This requirement has provided a significant impediment to the use of illicit profits by narcotics traffickers for the purchase of luxury items such as vehicles, jewelry and boats. Financial institutions report similar information on a Currency Transaction Report.

A new law, Title 31, Section 5331 of the United States Code, was passed in 2001 as a result of the USA Patriot Act and duplicates the reporting provisions of IRC, Section 6050(i). Dual reporting of this information will now be made to both the IRS and the Treasury Department's Financial Crimes Enforcement Network (FinCEN).

Money Laundering Control Act of 1986 – CI investigates and recommends criminal prosecution for violations of Title 18, United States Code, Sections 1956 and 1957. These statutes make illegal certain financial transactions constituting laundering, hiding, or use of proceeds generated through specified unlawful activities, such as narcotics trafficking and embezzlement, among others.

Bank Secrecy Act – The Currency and Foreign Transactions Reporting Act, Public Law No. 91-508, Title II, along with financial institution record-keeping requirements, became known as the Bank Secrecy Act (BSA). The BSA mandates the reporting of certain currency transactions conducted with a financial institution, (Form 4789), the disclosure of foreign bank accounts (TD F 90-22.1), and the reporting of the transportation of currency exceeding \$10,000 across United States borders (Form 4790).

Asset Forfeiture – The asset forfeiture program is one of the federal government's most effective tools against drug trafficking, money laundering, and organized crime. In conjunction with other federal, state, and local law enforcement agencies, CI uses asset forfeiture statutes to dismantle criminal enterprises by seizing and forfeiting their assets. Most of CI's seizures and forfeitures are the result of Title 18 and Title 31 money laundering and currency investigations.

Criminal Investigation (CI) Supports National Strategies and Initiatives:

Criminal Investigation supports national law enforcement strategies and initiatives by investigating and recommending prosecution of domestic and international narcotics traffickers and related money-laundering organizations. CI follows the money trail, tracing the profits from the illegal activity back to the criminal.

National Money Laundering Strategy

In October 2001, the U.S. Departments of Treasury and Justice released the [Money Laundering Strategy for 2001](#). This strategy reflects a national commitment to a coordinated, effective fight against money laundering and other financial crimes. Specifically, the primary goal of the strategy is:

To focus our resources against major money laundering organizations, this Strategy mandates that law enforcement (1) establish inter-agency task forces in High Risk Money Laundering and Related Financial Crimes Areas (HIFCAs), (2) intensify use of federal criminal and civil asset forfeiture laws, (3) enhance intra-agency, inter-agency, and international coordination of money laundering investigations, (4) expand efforts to dismantle the Black Market Peso Exchange (BMPE), and (5) recommend legislation necessary to correct deficiencies in current money laundering laws, thereby strengthening law enforcement's ability to fight money laundering organizations.

Criminal Investigation supports this strategy through the investigation and prosecution of domestic and international narcotics traffickers and related money laundering organizations.

High Intensity Money Laundering and Related Financial Crime Area (HIFCA) Task Forces.

Mandated in the National Money Laundering Strategy, HIFCAs occupy the flagship role in the nation's efforts to disrupt and dismantle large-scale money laundering systems and organizations. The designation of a [HIFCA](#) is intended to concentrate law enforcement efforts at the federal, state, and local level on combating money laundering in high-intensity money laundering zones, whether based on drug trafficking or other crimes. The 2001 Money Laundering Strategy announced the designation of two new HIFCA locations: Northern District of Illinois (Chicago) and Northern District of California (San Francisco). The four HIFCAs named in the 2000 strategy were: New York/New Jersey; San Juan/Puerto Rico; Los Angeles; and a "systems HIFCA," designed to address cross-border currency smuggling in Texas/Arizona to and from Mexico. HIFCAs are composed of all relevant federal, state, and local enforcement authorities; prosecutors; and federal financial supervisory agencies as needed. They work closely with the High Intensity Drug Trafficking Areas (HIDTA) and Organized Crime Drug Enforcement Task Forces (OCDETF) and focus on collaborative investigative techniques.

Office of National Drug Control Policy (ONDCP)

As part of the Anti-Drug Abuse Act of 1988, the President established the [Office of National Drug Control Policy](#) to oversee the nation's effort to combat illegal drugs. As part of that oversight authority, the Director of the ONDCP established a National Drug Control Strategy. This strategy directed agencies involved in counter-narcotics activities to focus their efforts on reducing the demand for drugs through treatment and prevention and by attacking and disrupting the drug supply through aggressive law enforcement and increased international cooperation.

Organized Crime Drug Enforcement Task Force (OCDETF)

The [Organized Crime Drug Enforcement Task Force \(OCDETF\) Program](#) was created and is managed by the Department of Justice "to identify, investigate, and prosecute members of high-level drug trafficking enterprises, and to destroy the operations of those organizations." IRS CI is substantially reimbursed for the resources it commits to the war on narcotics trafficking and has been a participating member of OCDETF since its inception in 1982. During FY 2001, CI participated in 38% of the OCDETF investigations.

High Intensity Drug Trafficking Area (HIDTA)

The High Intensity Drug Trafficking Areas (HIDTA) Program was established by the Anti-Drug Abuse Act of 1988, to provide assistance to federal, state and local law enforcement agencies operating in areas most adversely affected by drug trafficking. The Director of the Office of National Drug Control Policy (ONDCP) has oversight authority over the [HIDTA Program](#). There are 28 locations designated as HIDTA. HIDTA initiatives focus on the investigation of money laundering violators and the identification and confiscation of the profits derived from the illegal sale of narcotics. Criminal Investigation supports HIDTA by dedicating special agents and other resources to the initiatives. CI provides the financial investigative perspective necessary to meet the goals of the National Drug Control Strategy

Statistical Data

Due to limited resources and time-intensive, specialized investigative work, CI prioritizes its efforts in currency reporting and money laundering enforcement, concentrating on those cases where the size, scope, and complexity of the investigation require the financial investigative expertise of its special agents. Further, in 2000, CI refocused its investigative priority back toward tax fraud and tax evasion and consequently, deployed more resources to tax enforcement priorities. This shift in priorities along with workforce attrition has resulted in a decreasing statistical trend for the CI Narcotics Program. However, CI continues to commit financial investigative expertise to investigations involving highly complex narcotics related financial crimes. In FY 2001, 875 of the 951 (92 percent) subject criminal investigations initiated in the IRS Narcotics Program involved money laundering or currency violations.

	Fiscal Year 2003	Fiscal Year 2002	Fiscal Year 2001
Investigations Initiated	960	867	951
Prosecution Recommendations	684	659	847
Informations/Indictments	653	585	812
Sentenced	568	721	831
Incarceration Rate*	90.3%	89.7%	88.6%
Average Months to Serve	77	81	79

*Incarceration may include prison time, home confinement, electronic monitoring, or a combination thereof.

Examples of Narcotics Related Investigations

The following examples of fraud investigations are excerpts from public record documents on file in the court records in the judicial district in which the cases were prosecuted. IRS Special Agents participated in the financial investigative aspect of these cases.

Owner of Tulsa Chemical Company Sentenced to Nine Years in Prison

On July 8, 2004, in Tulsa, OK, Steven John Worley was sentenced to 108 months in federal prison, followed by three years of supervised release. Worley pleaded guilty to one count of money laundering conspiracy and one count of conspiracy to possession of list chemicals with intent to distribute. According to the plea agreement, beginning in or around May 2000, and continuing until May 28, 2003, Worley, a 49% owner in a company known as Allied Chemical Supply, Inc. (ACS), possessed and distributed listed chemicals knowing, intending, or having a reasonable cause to believe that the chemicals would be used to manufacture methamphetamine. Additionally, Worley deposited the proceeds, or directed the proceeds to be deposited into bank accounts under the name ACS from the illegal sales of listed chemicals. Worley also purchased iodine crystals, a substance used in the clandestine manufacture of methamphetamine, with proceeds from prior illegal sales of listed chemicals. According to the information charging Worley, the El Paso Intelligence Center of the Drug Enforcement Administration determined that ACS was statistically the largest known supplier of precursor chemicals used to manufacture methamphetamine in the United States.

24 Year Sentence Given to Leader in Drug Organization

On June 10, 2004, in Hot Springs, AR, Tracy Smith, a California resident with ties to Malvern, Arkansas, was sentenced to serve 292 months in prison followed by 60 months of supervised release. On January 28, 2004, a jury returned a guilty verdict against Smith after a two day trial, convicting him on violations of drug trafficking and money laundering. Smith was originally indicted on June 24, 2003, along with Troy Mendenhall, James Mendenhall, and Keishawn Reed. The Mendenhalls and Reed have previously entered guilty pleas relating to the indictment. Troy Mendenhall was sentenced on March 11, 2004, to serve 60 months in prison followed by 48 months of supervised release. James Mendenhall was sentenced on April 19, 2004, to serve 60 months in prison and 60 months supervised release. Reed is awaiting sentencing. During Smith's trial, evidence was presented that showed Tracy Smith supplied crack cocaine out of California to the Mendenhalls in Arkansas. The Mendenhalls provided Smith with payment for the drugs using various means including wiring money through Western Union and personally transporting the money through various couriers.

First Defendant Gets Life Sentence in Drug, Money Laundering and Firearms Case

On June 10, 2004, in Nashville, TN, Kenneth Kimball was sentenced to life imprisonment, followed by consecutive sentences of another life sentence plus another 15 years. The judge also issued a forfeiture judgment totaling \$30 million dollars. Kimball, along with defendants Randall Parker and Steve Corlew was convicted after a three week jury trial which included evidence about Kimball and Parker hiring others to kill potential witnesses with bombs and silenced handguns. Kimball was also convicted of hiring someone to kill his co-defendant, Randall Parker, drug conspiracy and multiple money laundering counts. Kimball was the mastermind of a drug organization that ran an estimated 400 kilograms of cocaine into the Nashville area and resold it. The drug operation dated back to 1999 and included tractor-trailer runs to south Texas, where truckers picked up autos in double-decker trailers which contained drugs. Kimball owned businesses in which he used to launder the drug proceeds in order to make the monies appear to have come from a legal source. Kimball's co-defendant Randall Parker was sentenced on June 4, 2004 to three concurrent terms of life imprisonment without parole, as well as a forfeiture judgment totaling \$21 million. The investigation was part of the Organized Crime Drug Enforcement Task Force.

Son, Mother, and Others Sentenced in Money Laundering and Drug Case

During the week of June 7, 2004, in Salisbury, MD, Ronald Seldon was sentenced to 30 years in prison followed by 5 years of supervised release arising from his guilty plea to charges of conspiracy to distribute cocaine and money laundering. Seldon was also ordered to forfeit any interest in various homes, business, cars, cash, bank accounts and insurance policies. Ronald Seldon used his mother, Yvonne Seldon, his girlfriend, Edwina Harmon, and her mother, Sylvia Harmon, to launder the proceeds of his drug business. The total amount of laundered funds was in excess of \$1 million. Yvonne Seldon was sentenced to 24 months in prison followed by 2 years supervised release; Edwina Harmon was sentenced to 18 months in prison followed by 2 years supervised release; Sylvia Harmon was sentenced to 24 months probation with 4 months in home confinement under electronic monitoring and 200 hours of community service. The judge also ordered the three women to forfeit any interest in various automobiles, bank accounts, residences, jewelry and cash used in furtherance of their drug and money laundering activities and purchases made with drug proceeds. The investigation was part of the Organized Crime Drug Enforcement Task Force.

Bristol County Man Sentenced for Racketeering, Illegal Gambling and Drug Trafficking

On May 24, 2004, in Boston, MA, Timothy J. Mello was sentenced to 12 years in prison, to be followed by 3 years of supervised release. Mello was also fined \$17,500 and ordered to pay restitution to an insurance company he defrauded in the amount of \$29,113. Pursuant to his guilty plea, Mello will also forfeit a total of \$500,000 to the government. On November 17, 2003, Mello pleaded guilty to a Superseding Information charging him with racketeering in violation of the RICO statute which included twelve predicate acts involving extortion, cocaine and marijuana distribution, money laundering, witness tampering, illegal gambling, obstruction of justice and mail fraud. Mello participated in, and supervised, an extensive criminal enterprise during the 1990's and engaged in a variety of crimes such as extortion, cocaine and marijuana distribution, money laundering, witness tampering, illegal gambling, obstruction of justice and mail fraud.

Wilmington Man Sentenced for Conspiracy to Launder Drug Money

On April 26, 2004, in Wilmington, NC, Leo Hinson was sentenced to 225 months in prison, followed by three years supervised release and fined \$8,400 for conspiring to launder drug money. Hinson invested more than \$2 million of his drug profits in land and equipment in North Carolina, South Carolina, and Virginia. All of the property purchased by Hinson, except for a residence in South Carolina and some farm equipment, has been ordered to be forfeited to the United States. This OCDETF case was code-named "Harvest Moon".

Drug Distributor Sentenced

On April 19, 2004, in Hot Springs, AR, James Mendenhall was sentenced to 60 months in prison followed by 60 months supervised release. The sentence was a result of Mendenhall's guilty plea to possession of crack cocaine with intent to distribute. On June 24, 2003 James Mendenhall, Keishawn Reed, Troy Mendenhall and Tracy Smith were indicted for their role in a conspiracy to distribute a controlled substance, cocaine and "crack cocaine", conspiracy to launder drug proceeds and related counts. On March 11, 2004, Troy Mendenhall was sentenced to 60 months in prison followed by 48 months of supervised release with a fine of \$2,500. Keishawn Reed has also pleaded guilty to conspiracy charges and is awaiting sentencing. Tracy Smith was found guilty in a criminal jury trial for conspiracy to distribute cocaine and conspiracy to commit money laundering. The guilty verdict, as well as the guilty pleas, was the result of a joint OCDETF investigation.

Three Sentenced in Drug Conspiracy Case.

On March 10, 2004, in Columbia, SC, three individuals were sentenced for their involvement in a major cocaine and crack cocaine distribution conspiracy. Darren White, Christopher Toby Hayes, and Johnny

Williams Cooper, Jr., were sentenced this week for their May 2, 2003 convictions for conspiracy to possess with intent to distribute and distribution of 5 kilograms or more of cocaine and 50 grams or more of "crack" cocaine. White and Hayes were sentenced to life in prison without parole, and Cooper was sentenced to 35 years in prison followed by 5 years supervised release. Evidence presented at trial established that White and Hayes were a manager and supervisor in the Williams Drug Trafficking Organization. Cooper, was the former owner operator of the Ridgeway Shell Station in Ridgeway, SC. Testimony presented at trial revealed that Cooper was buying kilogram quantities of cocaine from members of the Williams Drug Trafficking Organization and selling it to other individuals in the Ridgeway area. Witnesses who testified against Cooper during the trial told the jury about several cocaine transactions that occurred at the Ridgeway Shell Station in which Cooper was involved. The Court also found that Cooper obstructed justice when he lied to FBI Agents about his involvement in the drug business, failed a polygraph examination, and then lied on the stand during his sentencing hearing. The testimony established that John Williams, the organization's kingpin, had direct ties to a major drug cartel in Mexico and one in Colombia, South America. Williams used his Mexican and South American connections to ship cocaine to Georgia and South America. The cocaine was transported using personal vehicles, commercial trucks, and private airplanes. At one point in the conspiracy, Williams had cocaine flown to various airports in Georgia and South Carolina. Once Williams took receipt of the cocaine, he distributed it to his lieutenants for further distribution.

South Carolina Man Receives Life in Prison

On February 4, 2004, Johnny Davis, of Hopkins, South Carolina, was sentenced in federal court in Columbia, South Carolina, for conspiracy to possess with intent to distribute and to distribute 5 kilograms or more of cocaine and 50 grams or more of "crack" cocaine, a violation of Title 21, United States Code, Section 846. The Judge sentenced Davis to Life without parole.

Johnny Davis, former owner and operator of the Sunrise Café on Monticello Road, was arrested on July 31, 2002 for his involvement in a major cocaine trafficking ring operating in South Carolina and Georgia. During an undercover operation narcotics agents were able to get close to Davis and obtain audio and video recordings of Davis giving detailed information regarding his illegal drug operation. Evidence presented at trial reflected that Davis was trying to recruit an undercover agent into his drug operation and teach him the ropes as to how to be a successful drug dealer.

Davis was one of 43 individuals indicted in this case; 18 went to trial. Davis was convicted after a two-month long trial, said to be the longest federal trial in South Carolina history.

Female Drug Dealer Sentenced To Life.

On February 3, 2004, in Columbia, SC, Tanesha Bannister was sentenced to life in prison for conspiracy to possess with intent to distribute and distribution of 5 kilograms or more of cocaine and 50 grams or more of "crack" cocaine, a violation of Title 21, USC section 846. Evidence at trial established that Bannister was a major player in a conspiracy responsible for distributing thousands of kilograms of cocaine in South Carolina and Georgia. Bannister's sentence reflected enhancements for her possession of a firearm in connection with a drug conspiracy, as well as her role as a supervisor or manager of the distribution ring. Bannister was one of 43 individuals indicted in this case.

The sentences were a result of a multi-agency investigation which began in 1997. The investigation resulted in the seizure and forfeiture of approximately \$1 million in case, jewelry, vehicles and real estate. The amount of illegal drugs attributed to this drug trafficking organization as a result of this investigation was more than 10 times the maximum amount that is computed under the Sentencing Guidelines, which the Court relies upon.

The news release is available in it's entirety at www.usdoj.gov/usao/ks/

Marijuana and Ecstasy Team sentenced

On December 29, 2003, in Madison, Wisconsin Mario J. Morse, was sentenced for conspiring with Stacy

Clouse of Madison, and others, to high grade marijuana and pure ecstasy. Morse was sentenced to 124 months in prison, without parole. Morse's sentence was increased by over four years because the Judge found that he continued his criminal conduct after his arrest in July 2003 by collecting drug debts, and because he was involved in enlisting numerous other individuals to assist him in the movement of money to his drug sources in Canada.

Morse had been selling marijuana for approximately two to three years as of July 1, 2003, the date on which a search warrant was executed at his residence and he and Clouse were arrested. This search warrant led to the recovery of 60 pounds of marijuana along with packaging materials. The execution of a search warrant on that same date at Clouse's residence led to the recovery of approximately six pounds of marijuana and 47 grams of ecstasy.

Morse's marijuana sources were in Canada and Wisconsin and Clouse assisted him in selling marijuana. Morse used Western Union wire transfers to transmit money to Canada to pay for the marijuana; he paid other individuals to do the wire transfers to conceal his identity and also structured the wire transfers to avoid federal currency reporting requirements. Approximately twenty wire transfers were obtained during the investigation transferring \$146,000 from Morse to his drug sources in Canada.

In sentencing it was also ordered that Morse forfeit: (1) all of his interest in his residence in Middleton, Wisconsin which was used to facilitate his drug dealing; (2) \$15,000 in proceeds from the sale of marijuana; and (3) \$146,000 which was the amount of U.S. currency involved in his money laundering.

Co-defendant Stacy Clouse was sentenced on December 11, 2003, to 46 months in prison without parole and fined \$50,000.

30 Years for Los Angeles Brother and Sister Team

On December 18, 2003, in Los Angeles, CA, Cenobio Humberto Herrera, Sr. and his sister Nelly Herrera were sentenced to 30-year prison terms. In May 2002 the pair were charged in a 37-count indictment with conspiracy to aid and abet the manufacturing of methamphetamine, possession of pseudoephedrine, a chemical used in the production of methamphetamine, and money laundering.

Kansas City Brothers Sentenced in Large Drug Trafficking Case

On December 17, 2003, Fidel Soria and Aureliano Soria-Sanchez both of Kansas City, Kansas were sentenced for conspiracy to distribute and possess with intent to distribute cocaine, methamphetamine, more than 50 kilograms of marijuana and money laundering. Fidel Soria received 365 months to serve and Aureliano Soria-Sanchez received a total of 232 months, both followed by 3 years supervised release. Both had previously pled guilty to drug trafficking and money laundering charges on November 12, 2002.

Man Sentenced to 42 Months for Growing Marijuana in Homes

On December 8, 2003, in Las Vegas, Nevada, Garry Lynn King was sentenced to 42 months in prison for his guilty pleas to manufacturing a controlled substance, money laundering, and criminal forfeiture. King also forfeited \$250,000 in U.S. currency which he admitted was proceeds from his illegal marijuana manufacturing operations. According to court documents King established two hydroponic marijuana growing operations, one operation was in a rented residence in a nominee name and the other was occupied by the mother of an acquaintance of King. From November 4, 1998, through December 8, 1999, King used another nominee to lease a 1995 Chevrolet Corvette. Several other defendants have pleaded guilty and been sentenced in this investigation. Their sentence terms range from 12 to 46 months.

Father and Son Sentenced for Racketeering, Money Laundering and Conspiracy to Distribute Marijuana

On October 29, 2003, in Springfield, MA, Giuseppe "Little Joe" Manzi was sentenced to 42 months

imprisonment, to be followed by 3 years supervised release. Manzi was also ordered to forfeit \$766,000 in cash to the government and pay \$41,000 in restitution. Two days later, a Federal judge sentenced Giuseppe Manzi's father, Carmine Manzi, to 3 years in prison. Carmine Manzi was also ordered to forfeit more than \$750,000 seized by state police. Carmine Manzi ran a gambling and loan sharking ring out of his barbershop which had links to organized crime. The money was Manzi's share of the profit from a regional gambling and loan sharking operation that was controlled by the New York City-based Genovese crime family.

For more summaries, visit www.irs.gov and enter Keyword: Fraud.

Where Do You Report Suspected Tax Fraud Activity?

If you suspect tax fraud or know of an abusive return preparer, you should report this activity to your nearest Internal revenue service office. This information can be communicated by phone or in writing to your local IRS office. You can contact the IRS by phone at 1-800-829-0433.